DAWN

OPINION

Board takes shape

IN the rarefied environs of Davos, the Board of Peace — a Trumpian addition to the world of multilateral bodies — was formally birthed on Thursday. Pakistan was among around 20 other states that signed on to be part of this entity, though many American allies, particularly in Europe, chose to stay away. Originally planned to end the genocide in Gaza and rehabilitate the devastated Palestinian territory, under Donald Trump's vision, the board seeks to expand its horizons, attempting to resolve other international conflicts as well. Yet lasting peace in Gaza remains elusive, and the founders and supporters of the board may like to address this unresolved issue before moving on to other conflict zones. Pakistan's rulers have presented the country's inclusion in the board — in the face of considerable domestic criticism — as a strategic necessity and a 'pragmatic step'.

Perhaps some within the ruling dispensation feel that Pakistan could do more inside the board for the people of Palestine then by choosing to stay out. Whatever the rationale behind the decision to join, Pakistan, and the other Muslim states that have joined, including Saudi Arabia, Turkiye and Egypt, must now ensure that their presence on the board serves to protect the interests of the Palestinian people. First and foremost should be the rehabilitation of Gaza, and ensuring uninhibited flow of aid to the occupied territory. Once the rebuilding phase begins, a concrete roadmap to a sovereign Palestinian state should be a priority, just as the Foreign Office has reiterated while commenting on Pakistan's inclusion on the board. And Muslim states should also not participate in any efforts to disarm Hamas or other Palestinian resistance groups by force.

Yet the bitter reality of the situation in Gaza is that even despite the ongoing 'ceasefire', Israel continues its killing spree. For example, just a day before the Board of Peace signing ceremony in Switzerland, Tel Aviv's forces had murdered at least 11 Palestinians in Gaza, including three journalists. Overall Israel has butchered at least 466 Palestinians since the ceasefire took effect last October. The Muslim bloc within the Board of Peace must ensure that this murder of Palestinians stops forthwith. Prospects of the board's success remain dim largely because Mr Trump, who is chairman of the board, and his subordinates serving in the institution have a very clear bias towards Israel. It remains to be seen whether the Muslim members are able to alter this view, and bring balance to the American president's policy towards occupied Palestine. If the board does bring peace to Palestine, it will succeed where many others have failed. However, unless it reins in Israel and ensures justice for Palestine, it will remain just a vanity project that ultimately whitewashes the Zionist state's brutal crimes.

Lethal structures

AT least 67 people are now confirmed dead after the Gul Plaza inferno in Karachi. The toll may still rise as DNA testing continues and rescuers sift through debris that remains dangerously hot days after the blaze. Each new recovery reinforces a question Pakistan can no longer afford to evade: how many similar death traps exist across its cities, operating in plain sight until disaster strikes? From congested commercial plazas in Karachi to residential blocks and markets in Islamabad and elsewhere, urban Pakistan is filled with buildings that flout even basic safety norms.

Gul Plaza was a ground-plus-three-storey structure housing around 1,200 shops. Parts of it have collapsed. Accounts emerging from the site point to locked exits, sealed access to the roof and chaos as the fire spread. This is all too familiar. Almost every major urban fire in recent years has revealed the same pattern: unauthorised construction, blocked stairwells, non-functional firefighting equipment and overcrowding far beyond approved limits. Each time, the shock gives way to brief outrage, followed by official assurances — and then a return to business as usual. The post-fire response has followed this well-worn script. An inquiry committee has been formed. The Sindh Building Control Authority says it has initiated fire safety assessments and issued notices to hundreds of buildings. Such steps are necessary, but they are also long overdue. Karachi alone has witnessed dozens of fatal market and mall fires over the past decade, many in buildings already flagged as unsafe. Notices that are not followed by swift inspections, penalties and closures amount to little more than symbolic action. Meanwhile, families of the missing continue to wait for answers and remains, demanding not sympathy but competence and urgency from the state. Their grief underscores how failures of enforcement carry a direct human cost. What is now required is a war-footing approach, nationwide, to building safety. Local and provincial governments must treat unsafe structures as an emergency, not a regulatory inconvenience. This means comprehensive audits, public disclosure of hazardous buildings, immediate evacuations where required and criminal liability for owners and officials who ignore repeated warnings. Fire services must be adequately equipped, staffed and empowered to act without interference. Sixty-seven confirmed deaths should mark a turning point. If it does not, the next fire will again leave Pakistan counting bodies and asking the same questions — only too late.

Improving exports

PRIME Minister Shehbaz Sharif's reiteration that Pakistan's economic future is in "export-led growth" risks remaining political rhetoric in the absence of credible reforms to improve productivity. Speaking in Davos, he noted that our exports are facing a myriad of challenges. But, he added, the way forward is clear: Pakistan has to have export-led growth. The diagnosis is undoubtedly correct. Pakistan's repeated balance-of-payment crises are rooted in its chronic inability to expand exports and its overdependence on foreign borrowing and remittances. Nonetheless, the statement is a reminder of the complete disconnect between political rhetoric on exports and the absence of a credible plan to achieve this repeatedly stated goal. Successive governments, including the incumbent one, have consistently talked up export-led growth and failed to follow it up with reforms needed to diversify the country's narrow, low-value exports and improve the competitiveness of the manufacturing and agricultural sectors.

The stagnation in exports and sluggish growth in recent years indicate that the economic policy reforms the PM spoke about have fallen well short of addressing the structural weaknesses, or what is required to raise productivity, attract long-term investment and diversify the export base. Indeed, the government has managed to restore a semblance of macroeconomic stability. But this has come at a steep cost to economic growth and export competitiveness. So far, little has been done to fix the inefficient energy sector or to restructure the inequitable tax system. Both continue to impose excessive costs on manufacturers and exporters, erode industrial competitiveness and deter investment in productive sectors. In sum, short-term stabilisation cannot substitute long-term competitiveness if the stated goal is to boost exports for sustained growth. No matter how often the PM and his finance team repeat their favourite refrain about their intentions of redirecting the economy towards export-led growth, it will remain more an empty slogan to placate an economically distressed population than a strategy unless accompanied by a credible productivity reform roadmap.

BY ZAFAR MIRZA

Impoverishing expenditures

Catastrophic health expenditure has been rising steadily.

DR Miftah Ismail and I co-wrote a column in these pages on Jan 9 explaining how people in Pakistan are "eating less" today than in 2018-19, despite spending more on food. The piece created considerable ripples. Dr Faisal Bari, a senior economist, subsequently wrote about the "difficult times" people are enduring and referred to our analysis. Other economists have echoed similar concerns in recent weeks. Khurram Hussain wrote about the "end of stability" on Jan 15, while Akbar Zaidi stated plainly on Dec 19, 2025 that the economy is "in decline." Fahd Husain captured the public mood succinctly when he wrote "V for victory and H for hunger", again referring to our findings.

The concerns about the economy are reinforced by the recent press conference of S.M. Tanveer, a senior leader of the Federation of Pakistan Chambers of Commerce and Industry and a prominent industrialist. He revealed that 140 to 150 textile mills have permanently shut down, while several other major companies are "on a ventilator" due to the mind-bogglingly high cost of doing business in Pakistan. This, he warned, is resulting in rising unemployment and the collapse of the manufacturing sector, and he aptly described the current so-called stability as stagnation.

Who, then, would invest in Pakistan in such an environment? Unsurprisingly, earlier this week the State Bank of Pakistan reported a sharp 43 per cent decline in foreign direct investment during the first six months of the current fiscal year (FY26), compared to the same period in FY25.

The bottom line of all these deeply troubling voices is clear: regardless of official claims, the economy is hitting ordinary people extremely hard. Daily life has become a struggle for millions. What is being presented as economic stability increasingly resembles economic strangulation for poor and near-poor households.

After reading Dr Faisal Bari's article, I found myself reflecting on the story of Iqbal, a driver, and his economic misery. Earning Rs65,000 per month — including tips and overtime — he once managed to get by. However, inflation and rising utility bills have made it nearly impossible to make ends meet. He first stopped eating lunch to save money. Then, the recent diagnosis of a liver ailment in his wife, who already suffers from diabetes and hypertension, pushed the family into a debt trap. It is unclear whether, or how, he will ever escape it.

In health economics, this situation is described as catastrophic health expenditure, which for blue-collar workers can quickly turn into impoverishing health expenditure.

Financial hardship due to out-of-pocket (OOP) health spending occurs when direct payments at the point of care reduce a household's ability to meet basic needs. The World Health Organisation defines catastrophic health expenditure as OOP health spending that exceeds 10pc of a household's total budget, although higher thresholds are also used. Impoverishing OOP spending refers to health expenses that exceed a household's discretionary budget or leave it with no discretionary income once health payments are made. Those affected fall into two groups: households pushed further into poverty and those newly driven below the poverty line.

In Pakistan, OOP health expenditures remain alarmingly high, accounting for about 47pc of total health spending. According to the *Household Integrated Economic Survey*, the average household spends 3.34pc of its income on healthcare. More worryingly, catastrophic health expenditure has been rising steadily. The proportion of the population spending more than 10pc of household income or expenditure on health increased from 3pc in 2010 to 4.5pc in 2018-19 and 5.4pc in 2021-22. Given the current inflationary pressures, the latest figures are likely to be even higher.

The *Universal Health Coverage (UHC) Monitoring Report 2024* of Pakistan estimated that more than 13.4 million people in the country were at risk of falling into poverty due to catastrophic health spending. The latest *UHC Monitoring Report 2025*, released by the government last month, paints an even grimmer picture: 14.8m people are facing catastrophic health expenditures, and 11.1m have been pushed below the $2.15-a-day poverty line due to OOP payments.

This is precisely why financial protection is a core pillar of universal health coverage. Yet in Pakistan, financial protection is weakest where it is needed most. Most OOP health spending is incurred on primary healthcare, largely in the private sector.

The Pakistan National Health Accounts for 2021-22 included a special OOP health expenditure survey covering 24,809 households across urban and rural areas. The findings were stark: 82.79pc of OOP spending went to the private health sector, and nearly 73pc of total OOP health expenditures were for outpatient services ie primary healthcare.

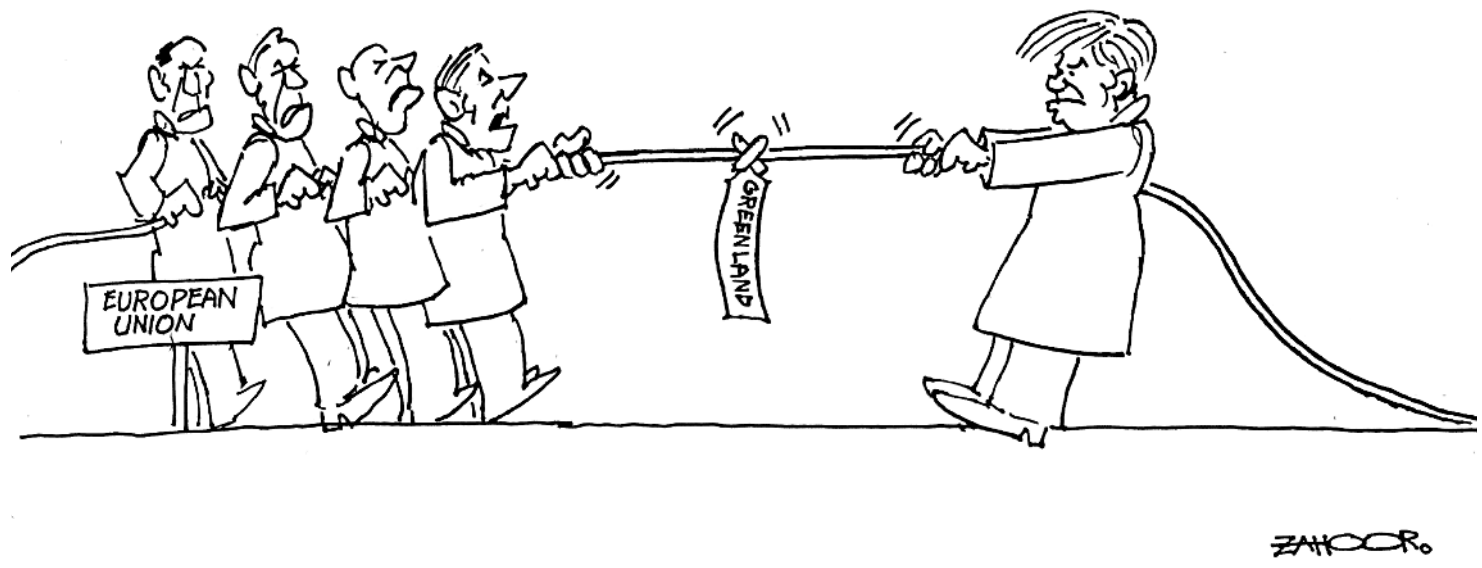
There are some tentative and slow moves to extend the Sehat Sahulat Programme to cover primary healthcare in the private sector, but progress remains limited.

Returning to Iqbal, who is technically above the poverty line but now overwhelmed by health-related expenses and forced to borrow to treat his wife's three chronic conditions, the risk of slipping into poverty is real. He may compromise on his children's education, adding them to the 25m out-of-school children in Pakistan. He may take on excessive overtime or another driving job, increasing the risk of exhaustion-related accidents.

Such is the tragedy of the poor and near-poor in the Islamic Republic of Pakistan. Millions of Iqbals are struggling to survive — eating less while spending more than before on food, health, and education. For a poor household, the arrival of a new utility bill is nothing short of a bombshell. The state remains largely absent for the poor and voiceless.

Is this the Pakistan that was envisioned — a country for which nearly a million people lost their lives and millions more migrated in hope? ■

The writer is a former SAPM on health with ministerial status, adjunct professor of health systems and president of the Pakistan Association of Lifestyle Medicine.



BY FARID PANJWANI

Democracy & capitalism's shadow

"THE top 10% own three-quarters of global wealth, while the bottom half holds only 2%." So states the *World Inequality Report 2026*. Can democracy survive when capitalism concentrates wealth so drastically?

The belief that democracy and capitalism are natural allies is as widespread as it is inaccurate. To see this, one has only to observe capitalist accumulation under authoritarian political arrangements. The UAE is just one such example. Why then does this belief persist?

Democracy and capitalism often journey together — until they don't. To a point, they do support each other. This is why it is not easy to find democracies without capitalism. Think of a society, poor and authoritarian, that then undergoes a revolutionary change that makes it both democratic and capitalist. For a while, the two would go together. Democracy would bring freedom and political equality; capitalism would bring resources. Even Marx acknowledged that capitalism creates 'colossal productive forces'. The growing middle class would demand greater freedoms and consumption, thereby strengthening both democracy and capitalism. For some time, prosperity and empowerment would rise together.

But this harmonious co-existence would soon wear off. Democracy is about political equality. Capitalism, by design, needs economic inequality. The two would eventually collide. In time, the wealth generated by capitalism starts to pool in fewer and fewer pockets. Growth continues, distribution falters. Tensions begin to appear.

This concentration is not just financial. Being rich doesn't just mean plush houses or private jets. It means connections and information, as the wealthy form exclusive social ties, venture together, share insights and tastes, thus increasing their collective purse. French sociologist Bourdieu has called this social capital, "aggregate of actual or potential resources" that bring tangible benefits. High-profile events such as the Ambani wedding illustrate how this transformation happens. But the process does not stop here.

Social capital soon becomes political capital, with the wealthy getting access to the political class, who make laws. The role of the corporate lobby and campaign funding is well documented. These are some of the ways in which wealth buys political influence. Elon Musk's access to and authority in the White House was an example of the political power wealth can bring. Consequently, economic values of capitalism start to prevail over the political ideals of democracy, human rights and political equality, as the market dictates the state.

We have drifted far away from the attractive capitalist rhetoric of riches through hard work and entrepreneurship. Now, wealth generates wealth, creating inequalities not justifiable through merit. That inequality is endemic to capitalism and not just an irritating bug, is well shown by Thomas Piketty, who demonstrated that the return on capital (rent) grows faster than the return on labour (income). Proponents of capitalism may insist that inequality brings growth but such justifications ring hollow when wealth buys disproportionate political influence.

One would expect that, in a democracy, as people realise the asymmetry of wealth distribution they feel relatively poorer, and experience alienation in economic and political spheres, they would vote against such a system, demand reforms, regulatory constraints and a redirection. In theory, democracy should prevent capitalism from reaching its logical outcome of concentrating wealth among a small elite. Yet that concentration of wealth is exactly what has been happening. Why?

> Democracy is about political equality. Capitalism, by design, needs economic inequality.

When people suffer, they seek an explanation. Here, the narratives people have to make sense of their condition become important. There is a leftist narrative, including democratic socialism, which explains the alienation through a critique of capitalism, giving an economic explanation. But there is very little space for such narratives in school curricula or on the mainstream media. Instead, two other narratives prevail as they are pushed through by the mostly corporate-owned media. It is not an accident that some of the most powerful media outlets today — both conventional and social — are owned by billionaires or corporations.

The liberal media supports capitalism, insisting on its necessity for democracy. It projects billionaires as self-made, implying anyone can succeed. In the process, the role of inheritance, connections, tax evasion, low wages and corporate welfare is pushed under the carpet. The poor are blamed for their condition, as if it has nothing to do with systemic biases, inequitable access to education and capital or with historical injustices. This narrative claims capitalism as a bastion of innovation but sidelines the fact that only those advancements that bring profit are allowed, not those that genuinely improve human life. This glamorised but distorted storyline leaves people stuck between conviction (that they can make it) and anxiety (that they cannot).

The right-wing — and increasingly even sections of liberal — media weaponise panic and resentment against migrants, selected racial and religious groups, and unconventional identities by whispering that these 'unwashed' have stolen the wealth of the suffering workers. In time, these narratives cleverly divert the anger and distress resulting from capitalistic alienation towards oneself, fuelling an epidemic of mental illness, or towards creating scapegoats — while sparing capitalism and its contradictions. Unsurprisingly, a recent survey in the US showed that only 52pc of the least financially secure thought democracy was the best form of government; those who need it the most trust it the least. This misdirected rage is visible in many countries today, particularly in the US, UK and India.

To conclude, democracy and capitalism may begin as partners but soon the relationship turns antagonistic. Capital, with its material resources, seeks to break any restraints on it. Those who want both democracy and capitalism must build bulwarks — a social contract that curbs wealth concentration and ensures public ownership of sectors, education and health in particular — crucial for equality of opportunities. A critical political education of citizens, young and old, is also needed so that they do not fall for destructive narratives and are not diverted from the real causes of malaise. If democracy is to endure, it must tame capitalism, not merely coexist with it. ■

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